



भारत का राजपत्र The Gazette of India

EXTRAORDINARY

असाधारण

भाग II—खण्ड 1

PART II—Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 171] नई दिल्ली, बुधवार, सितम्बर 29, 1976/पौष 8, 1898
No. 171] NEW DELHI, WEDNESDAY, DECEMBER 29, 1976/PAUSA 8, 1898

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Separate paging is given to this Part in order that it may be filed
as a separate compilation

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (Legislative Department)

New Delhi, the 29th December, 1976/Pausa 8, 1898 (Saka)

The following President's Act is published for general information:—

THE TAMIL NADU DEBT RELIEF LAWS (AMENDMENT) ACT, 1976

No. 46 OF 1976

Enacted by the President in the Twenty-seventh Year of the
Republic of India

An Act to amend the Tamil Nadu Debt Relief Laws.

41 of 1976.

In exercise of the powers conferred by section 3 of the Tamil Nadu State Legislature (Delegation of Powers) Act, 1976, the President is pleased to enact as follows:—

1. This Act may be called the Tamil Nadu Debt Relief Laws (Amendment) Act, 1976.

Short title.

2. In the Tamil Nadu Indebted Agriculturists (Temporary Relief) Act, 1976, in section 2, in the Exception under clause (c), after item (viii), the following item shall be inserted, and shall be deemed always to have been inserted, namely:—

Amend-
ment of
section
2 of Pre-
sident's
Act 15
of 1976.

“(ix) any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961.”

Tamil
Nadu
Act 24
of 1961.

3. In the Tamil Nadu Indebted Persons (Temporary Relief) Act, 1976, in section 3, after clause (h), the following clause shall be inserted, and shall be deemed always to have been inserted, namely:—

Amend-
ment of
section
3 of Pre-
sident's
Act 16 of
1976.

“(i) any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961.”

Tamil
Nadu
Act 24 of
1961.

Amend-
ment of
section
13 of Pre-
sident's
Act 31 of
1976.

4. In the Tamil Nadu Debt Relief Act, 1976, in section 13,—

(a) in clause (g), in sub-clause (v), the word “and” occurring at the end shall be omitted and shall be deemed always to have been omitted;

(b) after clause (h), the following clause shall be inserted, and shall be deemed always to have been inserted, namely:—

“(i) any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961.”.

Tamil
Nadu
Act 24
of 1961.

Exclu-
sion of
time for
limita-
tion and
dissolu-
tion of
stay of
proceed-
ings in
respect of
certain
suits and
applica-
tions.

5. (1) Where, on or after the 15th day of January, 1976, but before the date of publication of this Act in the *Tamil Nadu Government Gazette*, any suit for the recovery of any amount towards any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961 could have been instituted or any application for the execution of a decree passed in any such suit could have been made but for the fact that the institution of the suit or the making of the application was barred by section 3 of the Tamil Nadu Indebted Agriculturists (Temporary Relief) Act, 1976, or by section 4 of the Tamil Nadu Indebted Persons (Temporary Relief) Act, 1976, as the case may be, then, in computing the period of limitation or limit of time prescribed for such suit or application, the period commencing on and from the 15th day of January, 1976 and ending with the date of publication of this Act in the *Tamil Nadu Government Gazette* shall be excluded.

Tamil
Nadu
Act 24 of
1961.

Presi-
dent's
Act 15 of
1976.

Presi-
dent's
Act 16 of
1976.

(2) Where any proceedings in any of the suits or applications of the nature mentioned in sub-section (1) were stayed by sub-section (1) of section 4 of the Tamil Nadu Indebted Agriculturists (Temporary Relief) Act, 1976, or by sub-section (1) of section 5 of the Tamil Nadu Indebted Persons (Temporary Relief) Act, 1976, as the case may be, the stay effected in respect of such proceedings by sub-section (1) of the said section 4 or by sub-section (1) of the said section 5, as the case may be, shall stand dissolved and such suit or application shall be proceeded with from the stage which had been reached when further proceedings in such suit or application were stayed.

Presi-
dent's
Act 15 of
1976.
Presi-
dent's
Act 16 of
1976.

Removal
of doubts.

6. (1) Any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961, shall be deemed never to have been discharged, every suit or other proceedings (including appeal, revision, attachment or execution proceeding) pending at the commencement of the Tamil Nadu Debt Relief Act, 1976 (hereinafter referred to as the said Act) against any debtor for the recovery of any debt in respect of any such liability (including interest, if any) shall be deemed never to have abated, and every mortgage executed by the debtor in respect of such liability in favour of the creditor shall be deemed never to have been redeemed and the mortgaged property shall be deemed never to have been released in favour of such debtor under section 4 of the said Act, and any suit for the recovery of any amount liable under the chit from any debtor and any application for the execution of a decree passed in any such suit may be instituted or

Tamil
Nadu
Act 24 of
1961.

Presi-
dent's
Act 31 of
1976.

made, as if the said Act as amended by section 4 of this Act was in force at the relevant time.

(2) Every proceeding instituted under the provisions of the said Act, in respect of such liability as is referred to in sub-section (1) and pending before the Tahsildar or other authority on the date of publication of this Act in the *Tamil Nadu Government Gazette* shall abate.

(3) Nothing contained in this section shall be deemed to invalidate any proceeding in which the order passed has been executed or satisfied in full before the date of publication of this Act in the *Tamil Nadu Government Gazette*.

FAKHRUDDIN ALI AHMED,
President.

K. K. SUNDARAM,
Secy. to the Govt. of India

Reasons for the enactment

By the Tamil Nadu Indebted Agriculturists (Temporary Relief) Act, 1976 (President's Act 15 of 1976) and the Tamil Nadu Indebted Persons (Temporary Relief) Act, 1976 (President's Act 16 of 1976), there is a moratorium on recovery of debts of agriculturists and non-agriculturists up to the 14th January, 1977. The Tamil Nadu Debt Relief Act, 1976 (President's Act 31 of 1976), provides for total discharge of debts of rural artisans whose annual household income does not exceed Rs. 2,400/- and that of small farmers and landless agricultural labourers. There is, however, no specific exclusion of the debts of subscribers to the chit fund schemes. Chit fund schemes are of a self liquidating nature and partake the character of mutual aid schemes. It has been represented that the grant of moratorium in respect of recovery of debts due from subscribers to chit fund schemes and wiping off their debts under the Debt Relief Acts will seriously jeopardise the future conduct of chit fund schemes. In the present form, the moratorium and Debt Relief Acts are bound to disrupt whatever little economic impact chit funds have on the savings of the community. It is, therefore, considered that chit fund schemes registered under the Tamil Nadu Chit Funds Act, 1961 (Tamil Nadu Act 24 of 1961), have to be given exemption from the operation of debt relief measures. Accordingly, it is proposed to exempt any liability incurred or arising under any chit, the bye-laws of which have been registered under the Tamil Nadu Chit Funds Act, 1961 (Tamil Nadu Act 24 of 1961), from the provisions of the Tamil Nadu Indebted Agriculturists (Temporary Relief) Act, 1976, the Tamil Nadu Indebted Persons (Temporary Relief) Act, 1976 and the Tamil Nadu Debt Relief Act, 1976.

2. The present measure seeks to give effect to this proposal.

3. The Committee constituted under the proviso to sub-section (2) of section 3 of the Tamil Nadu State Legislature (Delegation of Powers) Act, 1976 (41 of 1976), has been consulted before the enactment of this measure as a President's Act.

I. J. NAIDU,

*Secy. to the Govt. of India,
Ministry of Agriculture and Irrigation
(Department of Rural Development).*